



**BOARD OF COUNTY COMMISSIONERS'
(BOCC) CONCURRENCE FORM**

This form must be completed for all staff reports being prepared for BOCC meetings/public hearings and is the cover sheet for the staff report. The original (single-sided) staff report needs to be submitted to the County Manager's Office one (1) week in advance of the scheduled presentation date. For Closed Sessions please submit the original (single-sided) and 8 (double-sided copies) of the staff report.

To: Office of the County Manager

From (Name & Division): Regina Howell, Budget Officer ^{RH} **Phone #:** x13191

Requested Meeting Date (mm/dd/yr): 04/18/13 **Est. Presentation Time:** 10 minutes

Staff Report Topic:

(The text provided here will also be reflected on the meeting agenda and county's website.)

2013/14 Constant Yield Tax Rate

County Funds Requested/Required: \$ N/A

Type of Meeting:

(Click to place a check mark in the following appropriate boxes.)

☒ **Administrative Business** *(The Consent Agenda Committee determines which items are eligible for the consent agenda.)*

☐ **Worksession** ☐ **Closed Session** ☐ **Public Hearing** (a.m. ☐ or p.m. ☐)

☐ **BOCC/BOE Mtg.** ☐ **County/Municipalities Mtg.**

☐ **Power Point Presentation**

Board Action Desired: ☒ **Decision** ☐ **Guidance** ☐ **Information**

Staff Report Review:

This staff report has been thoroughly reviewed first by the appropriate divisions/agencies noted on Page 2 followed by those outlined below :

	<u>Initials</u>	<u>Date</u>	<u>Comments Y/N</u> <u>(Page 2)</u>
<input checked="" type="checkbox"/> Budget Officer	<u>RH</u>	<u>4/11/13</u>	<u>N</u>
<input checked="" type="checkbox"/> Finance Director	<u>EW</u>	<u>4/11/13</u>	<u>N</u>
<input checked="" type="checkbox"/> County Attorney's Office	<u>RJM</u>	<u>4/11/13</u>	<u>N</u>
<input checked="" type="checkbox"/> County Manager	<u>ed</u>	<u>4/12/13</u>	<u>N</u>

Other Reviewing Divisions/Agencies:*(Click to place a check mark in the following appropriate spaces.)*

	<u>Initials</u>	<u>Date</u>	<u>Comments Y/N</u> <u>(noted below)</u>
<input type="checkbox"/> Animal Control			
<input type="checkbox"/> Business Development & Retention			
<input type="checkbox"/> Citizens Services			
<input type="checkbox"/> Community Development			
<input type="checkbox"/> Emergency Management			
<input type="checkbox"/> Fire & Rescue Services			
<input type="checkbox"/> Health Services			
<input type="checkbox"/> Human Resources			
<input type="checkbox"/> Interagency Information Technologies			
<input type="checkbox"/> Internal Audit			
<input type="checkbox"/> Parks & Recreation			
<input type="checkbox"/> Public Works			
<input type="checkbox"/> Transit Services			
<input type="checkbox"/> Utilities & Solid Waste Management			
<input type="checkbox"/> Other: _____			
<input type="checkbox"/> Other: _____			
<input type="checkbox"/> Other: _____			

Elected Officials or Independent Agencies:

	<u>Initials</u>	<u>Date</u>	<u>Comments Y/N</u> <u>(noted below)</u>
<input type="checkbox"/> Board of Education			
<input type="checkbox"/> Board of Elections			
<input type="checkbox"/> Board of License Commissioners			
<input type="checkbox"/> Citizens Care & Rehabilitation Center/ Montevue Assisted Living			
<input type="checkbox"/> Frederick Community College			
<input type="checkbox"/> Frederick County Public Libraries			
<input type="checkbox"/> Sheriff's Office			
<input type="checkbox"/> Social Services			
<input type="checkbox"/> State's Attorney's Office			

Comments:

1. <u>From:</u> _____	<u>Date:</u> _____
2. <u>From:</u> _____	<u>Date:</u> _____
3. <u>From:</u> _____	<u>Date:</u> _____
4. <u>From:</u> _____	<u>Date:</u> _____
5. <u>From:</u> _____	<u>Date:</u> _____



FREDERICK COUNTY GOVERNMENT

OFFICE OF THE COUNTY MANAGER

Budget Office

Regina M. Howell, CPA, Budget Officer

12 East Church Street
Frederick, Maryland 21701

www.FrederickCountyMD.gov

O: 301-600-3191 F: 301-600-2305

Commissioners

Blaine R. Young
President

C. Paul Smith
Vice President

Billy Shreve
David P. Gray
Kirby Delauter

Lori L. Depies, CPA
County Manager

Executive Summary

Staff Report Topic: 2013/14 Constant Yield Tax Rate

County Funds Requested/Required: N/A

ISSUE: If a taxing authority plans to set a real property tax rate that is higher than the constant yield tax rate, it must advertise the tax increase and hold a public hearing. The constant yield tax rate is calculated by the Department of Assessments and Taxation for each taxing authority in the State. It represents the real property tax rate for the coming tax year that will generate the same amount of revenue that was generated during the current tax year.

The Constant Yield Tax Rate for FY2014 is calculated to be \$0.9575 per \$100 of assessed value for Frederick County excluding the City of Frederick and Myersville. A separate constant yield tax rate is calculated for these two municipalities because their taxpayers are charged a different property tax rate by the county due to the tax differential method chosen by them for the tax equity program. The Constant Yield Tax Rate for the City of Frederick is \$0.8122 and Myersville is \$0.8160 for FY2014.

The current property tax rate is \$0.936 which is \$0.0215 *lower* than the \$0.9575 constant yield tax rate calculated for FY14. However, due to the consolidation of the Fire Tax Districts into the General Fund, the proposed FY14 property tax rate is \$1.064 which is \$0.1065 *higher* than the constant yield rate of \$0.9575. Since we are proposing a property tax rate that is higher than the Constant Yield Tax Rate, the statute requires a notice and hearing. The law establishes very strict procedures governing the advertisement and the public hearing.

STAFF RECOMMENDATION:

1. Place an advertisement in the Frederick News Post notifying taxpayers of the constant yield tax rate and the proposed real property tax rate.
2. Hold the public hearing on the property tax rate at 6:00 p.m. on Tuesday, May 7, 2013 at Urbana High School
3. Adopt the property tax rate on Thursday, May 9, 2013



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Lori L. Depies, CPA
County Manager

TO: Board of County Commissioners

FROM: Regina Howell, Budget Officer

DATE: April 10, 2013

SUBJECT: 2013/14 Constant Yield Tax Rate

ISSUE: If a taxing authority plans to set a real property tax rate that is higher than the constant yield tax rate, it must advertise the tax increase and hold a public hearing.

BACKGROUND: The constant yield tax rate is calculated by the Department of Assessments and Taxation for each taxing authority in the State. It represents the real property tax rate for the coming tax year that will generate the same amount of revenue that was generated during the current tax year.

The Constant Yield Tax Rate for FY2014 is calculated to be \$0.9575 per \$100 of assessed value for Frederick County excluding the City of Frederick and Myersville. A separate constant yield tax rate is calculated for these two municipalities because their taxpayers are charged a different property tax rate by the county due to the tax differential method chosen by them for the tax equity program. The Constant Yield Tax Rate for the City of Frederick is \$0.8122 and Myersville is \$0.8160 for FY2014.

The current property tax rate is \$0.936 which is \$0.0215 *lower* than the \$0.9575 constant yield tax rate calculated for FY14. However, due to the consolidation of the Fire Tax Districts into the General Fund, the proposed FY14 property tax rate is \$1.064 which is \$0.1065 *higher* than the constant yield rate of \$0.9575. Since we are proposing a property tax rate that is higher than the Constant Yield Tax Rate, the statute requires a notice and hearing.

The law establishes very strict procedures governing the advertisement and the public hearing. Notices may be mailed to each property taxpayer or an advertisement be placed in a newspaper of general circulation. The ad must be at least ¼ of a page in size, use 18 point type and specified language word for word in the statute. The hearing must be held on or after the 7th day and on or before the 21st day after the notice is published. The property tax rate must be set at the constant yield tax rate hearing, or at a later time if the day, time, and location that the tax rate will be set are announced at the hearing.

STAFF RECOMMENDATION:

1. Place an advertisement in the Frederick News Post notifying taxpayers of the constant yield tax rate and the proposed real property tax rate.
2. Hold the public hearing on the property tax rate at 6:00 p.m. on Tuesday, May 7, 2013 at Urbana High School
3. Adopt the property tax rate on Thursday, May 9, 2013

FUNDING INFORMATION: N/A

Attachments

Cc: Lori L. Depies, CPA, County Manager
Erin White, CPA, Acting Finance Director

2013 Constant Yield Tax Rate Certification

Taxing authority: Frederick
EX Frederick City & Myersville

1	1-Jul-2012	Gross assessable real property base	\$	19,038,702,339
2	1-Jul-2012	Homestead Tax Credit	-	163,407,352
3	1-Jul-2012	Net assessable real property base		18,875,294,987
4	1-Jul-2012	Actual local tax rate (per \$100)	x	0.9360
5	1-Jul-2012	Potential revenue	\$	176,672,761
6	1-Jul-2013	Estimated assessable base	\$	18,808,993,278
7	1-Jan-2013	Half year new construction	-	149,281,460
8	1-Jul-2013	Estimated full year new construction*	-	95,000,000
9	1-Jul-2013	Estimated abatements and deletions**	-	113,903,621
10	1-Jul-2013	Net assessable real property base	\$	18,450,808,197
11	1-Jul-2012	Potential revenue	\$	176,672,761
12	1-Jul-2013	Net assessable real property base	÷	18,450,808,197
13	1-Jul-2013	Constant yield tax rate	\$	0.9575

* Includes one-quarter year new construction where applicable.

**Actual + estimated as of July 1, 2013, including Homestead Tax Credit.

CYTR #1

Certified by

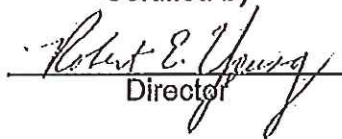
Director

2013 Constant Yield Tax Rate Certification

Taxing authority: Frederick County
in Frederick City

1	1-Jul-2012	Gross assessable real property base	\$	6,347,524,161
2	1-Jul-2012	Homestead Tax Credit	-	42,741,172
3	1-Jul-2012	Net assessable real property base		6,304,782,989
4	1-Jul-2012	Actual local tax rate (per \$100)	x	0.8130
5	1-Jul-2012	Potential revenue	\$	51,257,886
6	1-Jul-2013	Estimated assessable base	\$	6,439,022,897
7	1-Jan-2013	Half year new construction	-	54,256,310
8	1-Jul-2013	Estimated full year new construction*	-	30,000,000
9	1-Jul-2013	Estimated abatements and deletions**	-	44,056,682
10	1-Jul-2013	Net assessable real property base	\$	6,310,709,905
11	1-Jul-2012	Potential revenue	\$	51,257,886
12	1-Jul-2013	Net assessable real property base	÷	6,310,709,905
13	1-Jul-2013	Constant yield tax rate	\$	0.8122

Certified by


Director

* Includes one-quarter year new construction where applicable.

**Actual + estimated as of July 1, 2013, including Homestead Tax Credit.

CYTR #1

2013 Constant Yield Tax Rate Certification

Taxing authority: Frederick County
in Myersville

1	1-Jul-2012	Gross assessable real property base	\$	150,559,734
2	1-Jul-2012	Homestead Tax Credit	-	2,022,553
3	1-Jul-2012	Net assessable real property base		148,537,181
4	1-Jul-2012	Actual local tax rate (per \$100)	x	0.8188
5	1-Jul-2012	Potential revenue	\$	1,216,222
6	1-Jul-2013	Estimated assessable base	\$	150,666,066
7	1-Jan-2013	Half year new construction	-	0
8	1-Jul-2013	Estimated full year new construction*	-	0
9	1-Jul-2013	Estimated abatements and deletions**	-	1,613,627
10	1-Jul-2013	Net assessable real property base	\$	149,052,439
11	1-Jul-2012	Potential revenue	\$	1,216,222
12	1-Jul-2013	Net assessable real property base	÷	149,052,439
13	1-Jul-2013	Constant yield tax rate	\$	0.8160

* Includes one-quarter year new construction where applicable.

**Actual + estimated as of July 1, 2013, including Homestead Tax Credit.

CYTR #1

Certified by

Robert E. Young
Director

**FREDERICK COUNTY
NOTICE OF A PROPOSED REAL
PROPERTY TAX INCREASE**

The Board of County Commissioners of Frederick County, Maryland proposes to increase real property taxes.

1. For tax year beginning July 1, 2013, the estimated real property assessable base will decrease by 2.2%, from \$18,875,294,987 to \$18,450,808,197.
2. If Frederick County maintains the current tax rate of \$0.936 per \$100 of assessment, real property tax revenues will decrease by 2.2% resulting in a \$3,973,196 reduction in real property tax revenues.
3. In order to fully offset the effect of decreasing assessments, the real property tax rate could be increased to \$0.9575, the constant yield tax rate.
4. The County is considering increasing its real property tax rate above the constant yield tax rate. The County proposes to adopt a real property tax rate of \$1.064 per \$100 of assessment. This tax rate is 11.1% higher than the constant yield tax rate and will generate \$19,650,111 in additional property tax revenues.

A public hearing on the proposed real property tax rate increase will be held at 6 pm on May 7, 2013 at Urbana High School, 3471 Campus Drive, Ijamsville, Maryland.

The hearing is open to the public, and public testimony is encouraged.

Persons with questions regarding this hearing may call 301-600-3191 for further information.

Persons requiring special accommodations are requested to contact the Office of the County Manager at (301) 600-1100 (TTY: Use Maryland Relay), to make the necessary arrangements no later than three (3) working days prior to the public hearing.

There are certain municipalities within the County which have different county tax rates. The assessments, revenue, and tax rates above exclude these municipalities. The following chart provides the estimated assessable base and the differential County tax rates in these municipalities.

	Percentage Increase In Base	Previous Assessable Base	New Assessable Base	Current Tax Rate	Percent Increase in Revenue
Frederick City	0.1%	6,304,782,989	6,310,709,905	0.8130	0.1%
Myersville	0.3%	148,537,181	149,052,439	0.8188	0.3%
	Increased Revenue Current Rate	Constant Yield Tax Rate	Proposed County Tax Rate	Percentage Higher Than Constant Yield Rate	Increased Revenue Proposed Rate
Frederick City	48,186	0.8122	0.9357	15.2%	7,793,727
Myersville	4,219	0.8160	0.9405	15.3%	185,570